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The monetary question

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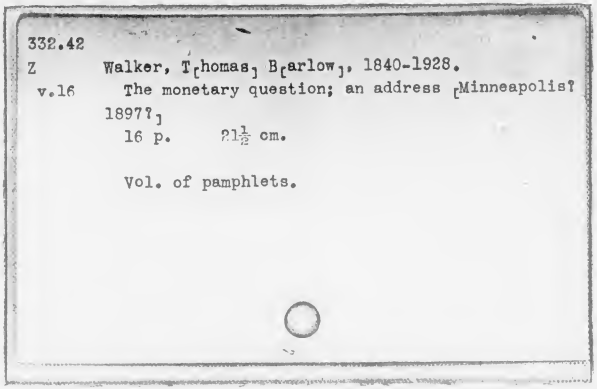
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THE MONETARY QUESTION.

. . . . AN ADDRESS . . . .

BY T. B. WALKER, MINNEAPOLIS, MINNESOTA.

This address was prepared with the view of presenting it to the Monetary Conference at Indianapolis, Ind. But the meeting of the Minnesota Electoral College, of which the writer was a member, together with some business affairs which demanded attention, prevented his attendance.

Whatever may be the views of different persons as to the ultimate advantage of retiring the greenbacks,—if such movement could be carried out with the consent of Congress and the approval of the people,—it will certainly be very unfortunate if remedial legislation that can be had is defeated by a determination to reform our currency laws and rebuild a new banking system before relief is reached through reasonable amendments to our present law. I have very strong reasons for believing that it will be impossible to induce Congress to pass an act for the retirement of the greenbacks and the substitution of an entire new currency by the banking institutions. But it would be practicable by united efforts to obtain amendments to the national banking law that would give a supplemental amount of currency to meet the demands of trade, and which with the new tariff law to again place business on a good footing. These amendments might be obtained at the extra session, and then, if at some future time a better system could be devised which would be acceptable, there would be more prospect of its being passed in times of prosperity than under the present adverse conditions.

A careful analysis of any banking plans proposed to replace the present system, will be found to contain so many hazardous or experimental features when applied to the conditions that it must necessarily cover, or at least there will be so much apprehension on this point that the movement to pass such legislation will not be successful at the present time. A financial system might be reached through the agency of certain amendatory acts to our present laws made from time to time, that would eventually accomplish all that is necessary to give us a satisfactory currency. But the attempt to induce Congress to pass a general act retiring greenbacks and establishing a new banking system will have a strong tendency to defeat the remedial legislation that could be made that would give all the necessary relief required, until such times as any better system that might be devised could be established.

THE MONETARY QUESTION.

Through the often repeated recommendation of Secretary Carlisle and Comptroller Eckles, backed by the approval of the President and various other authorities, has come a widespread demand for the retirement of the government paper currency. In place of this it is proposed to substitute a large issue of national or state bank notes.

Secretary Carlisle has occupied a position and borne a responsibility in bringing the treasury through the last four years that has enabled him to realize more fully than others the difficulties and dangers arising from the hazardous task of piloting the treasury through such times of financial trouble. But Mr. Carlisle in his official capacity has not had the personal obligations, trials and difficulties that have beset business men during the same years. The panicky conditions which led to the difficulties experienced also operated to paralyze all business interests and to seriously affect all classes. But the withdrawal of gold from the treasury was not the cause of the trouble, it was only an effect that might have been immeasurably worse if the responsibility for meeting these demands for gold had rested upon any banking system yet devised or proposed.

These troubles originated from a loss of confidence among our own people, and the settlement of the large balances due to Europe in our dealings with those nations, caused by the free trade and low tariff policy advocated and enacted by Mr. Carlisle's party.

And the question is now, would the retirement of the greenbacks, as recommended, have the least tendency to remove the necessity for the nation in one manner or another meeting these obligations, and could the demand for gold redemption to pay foreign balances and home withdrawals be met with as little or less danger to the general interests if the responsibility rested upon the banks? Is it not possible that Mr. Carlisle's recommendations in this case would be as unfortunate as have been the results from the principle that he advocated in reducing our tariff schedules? The

more we examine this question and consider carefully all the complicated financial, political and industrial conditions to which our financial system must be adjusted, the more it becomes evident that radical changes will probably involve us in still greater difficulties. Notwithstanding the so-called enormous defects in our present currency system, of endless chain in redemption of bills, mongrel mixtures, lack of elasticity, etc., it has stood this country through the panics of 1873 and 1893 as no other form of circulation that has been proposed would have done.

In considering this question, the first point to be determined is, shall the government retire its paper currency? If retired, will the national banks be enlarged and their paper currency multiplied four or five fold or more, to meet the necessities of trade? What will be done with the silver coin and certificates that are practically redeemable in gold? Or shall a system of banks be established like the so-called Baltimore plan, or a great government bank be organized with many branches, or shall the old state bank system of wild-cat currency of former years be re-established?

If the present general plan is to be continued, shall the government remodel the currency issues and increase the stock, or shall it remain as at present? Then, shall the national banks be continued as they are, or shall additional facilities for increasing their paper currency be given them?

We are told as a general short-cut argument, that the United States should go out of the banking business, and turn it over to the banks that are organized expressly for the successful transaction of that line of business. Let us examine this blunt statement.

The government must always collect and handle large quantities of money, and must at times, when necessary, issue bonds, and continue to provide for those in existence, and pay its annual expenses. That the government should not receive deposits and make loans,—which is the principal part of the banking business,—is readily conceded. But the question whether the United States should continue to issue legal tender money and keep a reserve in gold to redeem it in case of necessity, is a question that cannot be settled by the broad statement that the government should go out of the banking business. It is a question with too many sides to be settled in such summary manner.

In other great nations we find the government commonly in times of panic and trouble taking a vigorous part in the management and control of the banking business of the country, and putting the force and power of the nation not only back of its

issuance of currency, but entering in some cases into the control and management of the deposits and loans. It is at this juncture that it is now proposed to entirely relieve the government from its obligations of redeeming its currency by retiring all its issues. When public affairs are settled and quiet, the monetary affairs usually run along in quiet and without disturbance, and it is only in times of adverse conditions and loss of confidence that the banking system is put on trial, and the general experience of the great nations has been that when such periods occur, the force and power of the government is necessary to protect and re-adjust the monetary affairs, and re-establish confidence.

The reasons assigned for wishing to retire the government currency, namely, to stop the endless chain of redemption of its bills to pay foreign balances and home withdrawals of gold, is to cover a condition which is not rightfully chargeable to the currency system. This condition arises, not from the issuance of currency by the government, but from the fact that our tariff schedules are periodically reduced to a rate so low that it results in an excess of indebtedness of this country to foreign nations in the summary of our business transactions with them. That is to say, whenever Congress takes its periodical spasm to reduce tariff rates, and by this means enables foreign manufacturers to import goods at rates that break down our industries to compete with them, and by this means increasing our relative amount of imports, reducing the value of our exports, causing both a deficit in the income to our treasury and a heavy balance to be paid in gold in Europe, the executive department, which with Congress, is responsible for this periodical difficulty, desires to have the burden of this action thrown upon the banks first, and ultimately upon the whole business community.

It will readily be admitted by everyone, that so long as the trade balance from all our dealings with Europe is largely in our favor, there is no danger from foreign or domestic demands for gold redemption of currency. No such conditions have existed since we came to a specie basis in 1879 until after the election of 1892, and the demands for gold made in 1893 and 1894 by Europe, which drew so heavily on our treasury gold balances, and when more or less withdrawals were made by our own people. This necessitated the large borrowings by the government to the extent of 265 millions to replace the gold drawn from the public treasury, and to replace the deficit in the revenues.

In place of looking specifically at the cause of the trouble, we

look at the effects only, and propose to legislate against the symptoms of the disorder in place of applying the remedies to the real malady. If the cause is removed by increasing the tariff to a point that will give a sufficient revenue, and, at the same time check the import of foreign goods to the extent that it leaves a large balance of trade in our favor, the conditions such as we are seeking to avoid can never occur to any dangerous extent. Nor would it be desirable to place the government where it could with less inconvenience to the administration existing at any time, venture to reduce the tariff to a point so low that it would bring the country to a necessity for depleting its gold reserve to pay the inevitable foreign balance. The burden should rest upon the government as an additional inducement to protect the industrial and financial interests of the country.

The great difficulty in this country which prevents the establishment and continuance of safe business conditions, is the fact that the people will not let well enough alone, and will demand radical changes that destroy the business equilibrium. We can observe defects in any one of our many political principles or methods, and can also charge the defects of any one principle or method to some other one that is not responsible for it. And in place of taking the safest, soundest, and best methods which are tested and proved safe by experience, and continuing them with such moderate improvements or changes as will fit them to our needs and requirements, we would change the whole system as in this case to cure the defects of entirely different causes.

Of the two kinds of currency now in use, that which is issued by the government is alone redeemable in gold. The national bank currency may be redeemable in gold, but can, at the option of the banks, be paid in legal tenders. This national bank currency rests upon the government issues without any material burdens to the government currency, as the existence of the greenbacks would operate practically the same on withdrawals of coin without the national banks, as they would with it. So that it really adds no great extra burden to the government. This gives the limit of safety to the national bank issues that would not exist if their currency was redeemable only in gold coin. So that, notwithstanding the elements of disadvantage which must rest upon this country in bearing the obligation of paying foreign debts and having the general treasury to draw upon to meet it,—the safety of the banking system will strike any thoughtful person as being of more vital importance than the gold redemption burden that rests

upon the government which alone is able to bear it. So that in attempting to avoid obligations and difficulties which may arise through unfavorable legislation and management, we must not attempt to cure one defect by bringing others that are manifestly of greater importance, and would bring greater dangers. And to attempt to sweep away the present system and to establish anything that has up to the present time been proposed, will be found, under existing political and financial conditions, to be in all probability impossible to get enacted into laws, and would be found unsatisfactory if the enactment should be made.

The government has now in circulation of paper currency and standard silver dollars over 800 millions, besides 143 millions in the treasury exclusive of the gold and silver coin and bullion. As the government would need to keep an equal amount of currency in the treasury whether issued by itself or by banking corporations, both items should be considered together. This gives of government issues a total of 943 millions of money circulating exclusive of gold. All of the currency now is and has been kept at par, even through the panic of 1893 and the stringency of this season, by a reserve of gold of less than one hundred and twenty-five millions. Of this sum there is 447 millions of legal tender notes, besides the silver certificates and standard dollars. If we take 125 millions of our stock of six hundred millions of gold for the necessary redemption fund for the currency above figured, it leaves a balance of 475 millions of gold coin in the country available for redemption of national bank currency. This, with the 445 millions of legal tenders, makes 920 millions of redemption money in the country available for use by the national banks to take care of their currency and deposits.

With this 920 millions of redemption money in the country, the national banks might readily be able to issue with safety and profit a much larger amount of currency than is now in circulation, provided that Congress gives them the right to issue to the par value of the bonds. This would make it to a moderate extent a business transaction for the banks to so issue additional amounts. Under present requirements to buy bonds at a large premium, and then issue only 90 per cent of notes, with five per cent of them held by the treasury, besides taxes and expenses, renders the circulation unprofitable to the banks, and hence they reduce this to the minimum amount prescribed by law.

As a supplemental provision to the national banking law requiring the deposit of government bonds for the security of

circulation, the provision might be with safety extended to cover state and municipal bonds that have a first-class standing in the market. Each bank might be permitted to carry a certain proportion of such bonds that are worth in the market above par, and be permitted to issue, say ninety per cent of their par value in currency. It might be specified that if any bonds should depreciate to or below par, then additional amounts should be called for. If it is claimed that this class of bonds is not good security, it must be admitted that they are held by the safest and soundest institutions in this country and Europe; by the savings banks, trust companies, and other moneyed institutions as amongst the safest and best securities which they can have as a reserve or investment fund. In fact that class of bonds which should be accepted under this act, never have been nor ever will be, so long as the general government of the country remains intact and solvent, an unsafe security for currency under reasonable restrictions. This permission to use other bonds would also be of help to the states and to the cities in reducing the rates of interest on their bonds and in increasing the premium and demand for them. In this way it would be of material advantage to the people generally, not only from the better prices of bonds, but also because they would derive a benefit from this system in the advantages that would come from the competition for circulation that would increase the amount of currency and decrease the rate of interest. If the conditions were made as above, it appears certain that a sufficient amount of stable currency would be issued to supply all requirements, because it would be profitable until the reasonable demands of trade were provided for, and the rate of interest carried down to a low point, below which it would not be profitable to increase the issues.

Under the present system there is the specific and especial advantage arising from the fact that the national banks can redeem in the legal tender currency and hence gold cannot be demanded. And as this national bank currency is and should always be kept as good as government bonds, there has not been shown any desire for exchanging these notes for legal tenders, nor is it considered necessary to hold any reserve above the five per cent held by the treasury for that purpose. And hence at such times of stringency, when gold is demanded and would be withdrawn from circulation and hoarded, if these bills were redeemable in gold only, it would add enough to the stringent conditions to produce panics. If the government legal tenders

were withdrawn and the national banks compelled to redeem in gold, there would necessarily be required a fund of probably 15 or 20 per cent as a necessary amount to maintain confidence in the stability of the currency in time of trouble, especially if the government should not be called upon to redeem this currency in gold. If the government did rest under the obligation of redeeming these bills in gold when the banks were unable to do it, it would be but a short step away from the present conditions which we would seek to avoid in retiring the greenbacks. It is a well established fact that the national banks cannot, under present conditions, issue currency with profit. This is clearly demonstrated from the fact that all the banks have reduced their currency to the minimum amount required by law. If permission should be granted to banks to issue to the par value of the government bonds, then, if the government legal tenders were retired, they would be necessitated to hold an additional gold reserve to redeem their currency that would off-set the advantages from the increased amount of currency given them. This would leave us in the same condition that we are now, in so far as the increase in the national bank circulation is concerned. There would be no profit in it, and it would not be sufficiently extended. The banks could be required to issue a certain proportion of bills, by increasing the minimum limit now fixed by law, yet there is nothing to prevent men from withdrawing from banking if they find it a losing business. So that it seems quite clear that the national bank issue can be increased to any reasonable needed extent under the present system, but could not be and would not be under the proposed retirement of the government notes. And to undertake to establish a system that has no substantial convertible means or credit back of it would be hopeless and useless for us to recommend and a most unfortunate system if put in practice.

If, under any new banking system proposed to supply this currency, the conditions should arise which we are trying to more satisfactorily meet by means of the new system, namely, to protect the treasury against the withdrawals of gold, then the question arises how would we meet the difficulty if the responsibility were upon the banks? It is certainly not practicable for this country to attempt to provide a method for shirking or repudiating our foreign obligations. It might be a matter of great accommodation and comfort to be able to honestly avoid the obligation, but there is no way except to avoid the causes which produce them. But if we attempt to prevent Europe from collecting from

us the balance due, it will be unsuccessful, and the government, in trying to throw the responsibility upon the banks, will only make bad matters worse.

Supposing that the banks had been on the gold basis alone, and no treasury notes in existence at the time of the panic of 1893 and the continued stringent conditions of the past four years, how would they have met the obligations?

If it had been the national banking system, with every available bond put up as collateral security, and without any available collateral on which to borrow gold from Europe or from the people at home, and with the bills of each bank in circulation in such large amounts, that they could as fast as obtained be presented for payment in gold, with the trust companies, savings banks, and other institutions and individuals seeking to obtain and hold gold coin, how long would it have been before the gold had gone to a premium and banks all compelled to suspend specie payments? Out of the six hundred millions of gold coin in the country, the banks could not at the very outside have expected to hold more than two hundred and fifty millions, and having, say nine or ten hundred millions of bills in circulation, this would make only the minimum amount required as a reserve by the government if the money had been equally distributed among them. As soon as the first hundred millions had been drawn from the banks, it would have brought a loss of confidence that would have brought incomparably worse conditions than we experienced. The government was able to meet the contingency, but the banks would not have been able to accomplish it.

Another point not to be overlooked is, that in times of stringency the banks should be so protected that they could put out additional amounts of currency to meet the demands of trade. But in this system they would not venture to put out more with the liability of having the notes returned to the counter for redemption in gold. So that the so-much-talked-about necessity for elastic currency would be eliminated or defeated. In fact, in time of stringency or distrust, when money is being hoarded, as it occurred in 1893 and again in 1896, if the currency of each bank had been redeemable in gold only, in place of in greenbacks, or gold as under present conditions, it would undoubtedly have greatly contracted the money in circulation. In addition to this, it would require an enormous quantity of bonds, even though state and city bonds were added, to furnish an entire paper currency sufficient to transact the business of the

country. And then if the government should issue interest-bearing bonds or notes in sufficient quantities to make a backing for so large an amount of currency, and to constantly increase them so as to meet the increased demand, it would bring that party responsible for it to certain defeat and ruin at the very next following election. In fact, if the republican party which is now to come into control of the government, shall favor a reduction of the government legal tender issues that bear no interest, and to substitute any form of bonds or currency that bears interest, it will bring inevitable defeat to the party at the next election.

The unreasonable prejudice which has been instigated by the demagogue and the agitator against the national banks, must remain until matters are better understood. This constitutes a serious obstacle to making any radical change in favor of issues of money by banking institutions and the retirement of the government paper, even though it might be desirable from other considerations—which does not seem to be the case. The farthest limit that seems in any manner safe for the coming administration to favor is to leave the greenback currency substantially as it is, and increase the issues of the national banks by allowing a larger percentage of currency issued on the bonds, and to accept also bonds of the states and cities as securities

Another objection that has been offered to our present banking system is, that it is not elastic. There seems to be a prevalent opinion that a banking law can be put into operation that would be practicable and satisfactory, under which the currency at any time can be increased to meet the demands of trade. When this proposition is run down to its practical application to the banking business, it would only mean, (as it does, for instance, in Canada and in Europe) that there is a sufficient amount of currency authorized and issued to meet the trade conditions of the active seasons of the year, and when the duller seasons come, each of the banks gather in, generally its own circulation, and lays it aside for further use, and until there is a better demand for it. But any attempt to give the banks the right, at pleasure, to expand or contract the currency would be a move that probably no one would attempt to urge. This term "elasticty" has misled many people into thinking that it is practicable to expand and contract the currency as you would a rubber band, to fit the different lengths of the demands of trade; but when it is brought to the test of practical application in such a manner as to meet either the views of Congress or of the people, it must practically mean to furnish a

sufficient currency to transact the business of the active seasons of the year, and to expect that a portion of it will remain idle during the dull seasons. And if Congress will provide a system that is safe for the banks to follow, and safe for the people to have them work under, and at the same time, that will give to the banks a good, reasonable profit on currency issued, there can be an abundant currency to the extent of the profitableness at which it can be issued, and the people will then derive a more-than-equal benefit from the abundance of the currency, the reduction of interest rates, and more stable business conditions.

The proposition to substitute a stockholder's liability as a security for the issuing of large quantities of currency without adequate and specific security for each note placed in circulation, is too unsafe and unwise a measure to be considered favorably by Congress, especially with a republican majority. It would constitute the most hazardous experiment ever tried in this country, even in excess of the old method of accepting all manner of personal and real estate securities to cover the notes issued. For in most of those cases, from 25 per cent up to 100 per cent was realized on the miscellaneous securities in the way of canal, turn pike, steamboat and other bonds; real estate mortgages and other securities more or less used, with the more substantial bonds of states, cities, towns, counties, townships and school districts, which were used to make up the medley that backed the currency under the old state laws.

The fact that Canada has a banking law based largely upon stockholders' liability, does not indicate with any certainty a system that would be to any reasonable extent safe in this country. They have but a very few large banking corporations, headed and managed by men of large means and experience, who watch the banks as carefully as the governors of the Bank of England watch that institution. Business conditions are conservative, developments are slow and the more invariable condition of dull times takes the place of the active and extreme conditions that have and will prevail in this greater and more rapidly developing country. We would have banks of issue in every little village in the country, and in the larger towns and cities increased numbers of them until five or six or eight thousand banks of issue would soon be running. These would be managed in large part by men of small experience—would be subject to the speculations and unsafe partnerships with all kinds of land and other hazardous ventures that would soon make their assets an uncertain quantity, and, with

large issues of currency, would lead into unsafe speculations in order to get the money into use, and create a distrust that would render them unsafe. Large numbers of banks running, it would render it impracticable to know at any considerabe distance from each of the smaller ones what the standing of the bank and the responsibility of the stockholders would be, and this would tend seriously to limit the circulation to the country more immediately tributary. So that their notes of issue always being close at hand, would at any time of distrust be taken to the bank for redemption in gold. So that a double-sized redemption fund would be required, sufficient to take care of the currency issued, together with the deposits. These conditions would soon render it impracticable to handle our currency matters in this way, and this experience would probably cost us the most destructive panic that has occurred in our history. In fact, there is too little merit in this so-called Baltimore plan, to ever have the least possibility of acceptance by a republican congress. The anger of the people at what they would term the greed of the capitalists in trying to usurp the functions of issuing money for the benefit of the money interest, and to retire the government non-interest-bearing currency, would bring disaster, amounting, perhaps to a national calamity. It would be infinitely safer to issue all the currency necessary to carry on the business of the country by the general government, and protect the nation's credit and standing by a tariff sufficent to bring an abundant revenue, a large balance of trade, and to protect labor and capital in the industries of the country, than to reduce to any extent the government notes and substitute private banking currency in its stead.

It is well to glance over the situation during the past four years and consider how a currency issued wholly by our banks under any of the proposed systems and redeemable wholly in gold coin would have stood the panic of 1893 and the extreme stringency preceding the election this year. Without discussing the question as to the amount of responsibility the silver purchase act had in disturbing foreign and domestic confidence as compared with the apprehension concerning tariff reductions that were inevitable, we will only take the results as they appeared. Europe called for gold to settle balances. The revenues were insufficient to pay the government expenses. If the United States treasury could not have been called upon to supply the demand for gold to pay the foreign balance, then the banks would have been compelled to stand the drain. The government currency being out of circu-

lation, this would have been supplied with that from the banks. This being a large amount from each of them, and such enlarged amount would make the currency so practically available that the demand could have been supplied by sorting currency and presenting to the different banks for redemption and particularly after a premium sufficient to meet the trouble and expense had been offered. When this redemption process had been carried on to the extent of taking 100 to 200 millions out of the banks, how could this depletion of the reserves have been replaced ?They could not issue bonds to cover it, nor could they borrow in Europe or at home on any collaterals which they could offer. The people would have become more apprehensive and the demand for gold would have reached to all the cities and towns where banks of issue were located. They would have created additional distrust and depositors would have called for their money. A suspension of specie payments would have resulted, a large proportion of the banks would have closed, gold would have gone to a considerable premium, and much worse conditions would have been experienced than under the more potent power of the government to protect the country by the ability to borrow in sufficient quantities to replace the heavy withdrawal.

During these recent times of financial difficulties, the safety of the currency has been a saving factor. A national bank suspended or permanently closed has not added to the troubles from any apprehension of loss from the currency issued by such banks. And when we consider the dangerous conditions that would have been added from a currency in which any reasonable doubt could be prevalent as to its perfect stability, it certainly should warn us against experimenting in any manner that experience and sound judgment could not unhesitatingly and emphatically endorse.

The history of all past efforts to establish banks of issue prior to that under which we are now living, have been practical failures. Neither is there in Europe any general banking system that would be accepted by the people of this country and be adequate in furnishing a sufficient amount of sound currency to meet the demands of active trade conditions in this very rapidly developing nation. And whether in the long run a certain system might work for the permanent advantage of the nation or not, it is absolutely and unavoidably necessary to choose the course that the great majority of the American people look upon with reasonable satisfaction.

In any proposed legislation it must always be remembered

that the majority rules, and that any apparent or supposed favoritism may be reversed in subsequent elections, even though it might be producing good results.

The demagogue and agitator are becoming more and more a factor in our political life and, through misrepresentations and exaggerations control vast numbers of votes, by appeals to prejudice and hatred.

And while this should not deter us from doing our plain duty, and recommending that legislation which will meet the necessary conditions to make the nation prosperous, yet it should not be overlooked or ignored. Friction should not be created that can be reasonably and fairly avoided. We have just passed through a political contest that, had the election been carried by the opposing party, would have precipitated us into a condition of misfortune that would have at least been a national calamity if it did not lead to one of the most unfortunate upheavals known in history.

The unwise impolitic trust combinations in business which in general have no foundation in sound judgment or merit, and which in most cases bring ruin to those embarking in such experiments, have been so handled as to create a prejudice against the general business interests of the country.

The labor organizations, formed and maintained in many cases largely for the personal benefit and advancement of the labor leaders, who deem it necessary to create all the antagonism possible in order to show the necessity for the employment of their talent, have arrayed large numbers against business men generally and corporations in particular.

The extreme views of the populists, in demanding unlimited issues of fiat money, sub-treasury schemes, and other unwise principles, or lack of principles, and their unfounded prejudice against sound money and the substantial currency of the national banks, have, on the contrary created an undue prejudice in the minds of more thoughtful persons against government issues of money.

Another point which would always be misconstrued and misrepresented by the demagogues and agitators would be, that if banks issued all the currency, unfavorable financial conditions would be charged to manipulations by them for selfish purposes, and to the damage and injury of the people. If the banks should be authorized to isssue all the currency and retire the greenbacks it would probably result in a political upheaval that would

sweep away all sound money conditions and inaugurate a John Law grade of currency reform.

As a summary, then, of what seems the safest and soundest method of supplying a paper currency to this country, is to let the government greenbacks remain, and permit the national banks to issue currency to par of government bonds, and to permit them, in the discretion of the Treasury Department of the United States to use such other form of state and city bonds as have always been and prospectively always will be at or above par in gold, to be used as security for currency issues. Then, to protect the treasury of the United States and continue to maintain the solvency of the business interests of the country by means of a tariff to be always kept at a point sufficient to protect us against panics and depressions which always have and always will come with low tariffs. So that the banking system, whatever it may be, is primarily and essentially based on the solvency of the country through the agency of a sufficient duty to maintain the industrial interests of the country in a healthy condition. Any experiments that will furnish materials for the demagogue and agitator to prejudice the people against wealth and capital, or that will place in existence an unsafe, unstable currency, should not, and in all probability will not be enacted by congress.

END OF
TITLE